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SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.

JUNE 30, 2004

HAMMOND, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/25/05

 **Hannis T. Bourgeois, LLP**
Certified Public Accountants

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July 29, 2004

Independent Auditor's Report

To the Board of Directors of
Southeastern Louisiana University
Alumni Association, Inc.
500 W. Columbus Drive
Hammond, Louisiana

We have audited the accompanying Statement of Financial Position of Southeastern Louisiana University Alumni Association, Inc. (a nonprofit organization) as of June 30, 2004, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 2003 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated August 7, 2003 was expressed.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Alumni Association, Inc. as of June 30, 2004, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hannis T. Bourgeois, LLP

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 207,152	\$ 221,745
Accounts Receivable	7,732	3,005
Prepaid Expenses	<u>1,896</u>	<u>6,245</u>
Total Current Assets	216,780	230,995
Property and Equipment - at Cost Less Accumulated Depreciation of \$193,852 in 2004 and \$174,815 in 2003	<u>577,878</u>	<u>596,915</u>
Total Assets	<u>\$ 794,658</u>	<u>\$ 827,910</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 14,562	\$ 8,174
Note Payable (Due Within One Year)	30,337	28,805
Contribution Payable (Due Within One Year)	103,000	-
Deferred Membership Dues	<u>46,890</u>	<u>41,314</u>
Total Current Liabilities	194,789	78,293
Long-Term Liabilities:		
Note Payable (Due After One Year)	145,916	177,716
Contribution Payable (Due After One Year)	<u>9,000</u>	<u>-</u>
Total Liabilities	349,705	256,009
Net Assets:		
Unrestricted	441,310	564,604
Temporarily Restricted	<u>3,643</u>	<u>7,297</u>
Total Net Assets	<u>444,953</u>	<u>571,901</u>
Total Liabilities and Net Assets	<u>\$ 794,658</u>	<u>\$ 827,910</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR 2003

	<u>2004</u>			<u>2003</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Support and Revenue:				
Membership Dues	\$ 76,647	\$ -	\$ 76,647	\$ 70,038
Student Fees	82,780	-	82,780	86,316
Special Events	38,402	-	38,402	28,433
Alumni Athletic Fund	-	7,350	7,350	7,795
Credit Card Royalties	-	-	-	60,000
Other Income	6,480	-	6,480	6,536
Interest	1,859	-	1,859	3,441
Rental	-	34,889	34,889	35,933
	206,168	42,239	248,407	298,492
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	45,893	(45,893)	-	-
Total Support and Revenue	252,061	(3,654)	248,407	298,492
Expenses:				
Program Services:				
Alumni Center	48,892	-	48,892	53,956
University Promotions	75,551	-	75,551	52,821
Southeastern Development Foundation, Inc. Contribution	100,000	-	100,000	60,000
Special Events	29,188	-	29,188	26,431
Chapter Expenses	58,740	-	58,740	39,259
Scholarships	-	-	-	2,000
Supporting Services:				
Management and General	52,831	-	52,831	57,769
Membership Development Expenses	10,153	-	10,153	12,397
Total Expenses	375,355	-	375,355	304,633
Decrease in Net Assets	(123,294)	(3,654)	(126,948)	(6,141)
Net Assets at Beginning of Year	564,604	7,297	571,901	578,042
Net Assets at End of Year	\$ 441,310	\$ 3,643	\$ 444,953	\$ 571,901

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR 2003

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (126,948)	\$ (6,141)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	19,037	19,037
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(4,727)	6,148
(Increase) Decrease in Prepaid Expenses	4,349	(4,389)
Increase (Decrease) in Accounts Payable	6,388	2,042
Increase (Decrease) in Contribution Payable	112,000	-
Increase (Decrease) in Deferred Revenue	<u>5,576</u>	<u>(8,705)</u>
Net Cash Provided by Operating Activities	15,675	7,992
Cash Flows from Financing Activities:		
Repayment of Notes Payable	<u>(30,268)</u>	<u>(26,737)</u>
Net Cash Used in Financing Activities	<u>(30,268)</u>	<u>(26,737)</u>
Net Decrease in Cash	(14,593)	(18,745)
Cash - Beginning of Year	<u>221,745</u>	<u>240,490</u>
Cash - End of Year	\$ 207,152	\$ 221,745
	<u>=====</u>	<u>=====</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Payments for:		
Interest	\$ 9,944	\$ 15,413
	<u>=====</u>	<u>=====</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies -

General

The Southeastern Louisiana University Alumni Association, Inc. (the Association) is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the Association is to preserve and strengthen the bonds of friendship existing among Southeastern Louisiana University's former students; to foster, preserve and perpetuate the University's ideals and traditions so as to enhance its prestige as an institution of learning; and establish strong ties between the University and its former students in order to promote its educational and physical growth.

The Southeastern Louisiana University Alumni Association, Inc. was incorporated December 5, 1948, under the provisions of Louisiana Revised Statutes 12:101-155 as a non-profit corporation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services

During the year ended June 30, 2004, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost except for donated property. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

The Southeastern Louisiana University Alumni Association, Inc. is exempt from federal income taxes as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code.

Summary Financial Information for 2003

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2004 the Association did not exceed the insured limit at any financial institution.

Note 2 - Restrictions on Net Assets -

Temporarily restricted assets are available for the following purposes:

The Alumni Center	\$ -
Alumni Athletics Fund	<u>3,643</u>
	<u>\$ 3,643</u>

Changes in Temporarily Restricted Net Assets for the fiscal year ended June 30, 2004 are as follows:

Temporarily Restricted Net Assets at July 1, 2003	\$ 7,297
Additions to Net Assets Temporarily Restricted	42,239
Net Assets Released from Restrictions:	
The Alumni Center	34,889
Alumni Athletics Fund	<u>11,004</u>
	<u>45,893</u>
Temporarily Restricted Net Assets at June 30, 2004	<u>\$ 3,643</u>

Note 3 - Property and Equipment -

Property and equipment as of June 30, 2004 consists of the following:

Building	\$ 761,481
Furniture	6,994
Office Equipment	<u>3,255</u>
	771,730
Less: Accumulated Depreciation	<u>(193,852)</u>
	<u>\$ 577,878</u>

Depreciation of \$19,037 was charged to Program Services - Alumni Center for the fiscal year ended June 30, 2004.

Note 4 - Notes Payable -

The details of notes payable as of June 30, 2004 are as follows:

First Guaranty Bank

Note in the original amount of \$366,084, with an interest rate at 7.25% per annum until September 29, 1999, then converted to a variable interest rate of Citibank Prime plus 2%. On June 23, 2003, this note was refinanced for a second time. The new loan amount of \$208,348, bears interest at 4.85%, payable in 59 payments of \$3,200 and the balance on the 60th payment. The loan is collateralized by the assignment of the lease on the building with Southeastern Louisiana University.

\$ 176,253

Less: Current Portion

(30,337)

\$ 145,916

Maturities of the long-term portion of debt are as follows:

June 30, 2006

\$ 31,863

June 30, 2007

33,466

June 30, 2008

80,587

\$ 145,916

Interest expense for the year ended June 30, 2004 was \$9,944.

Note 5 - Leases -

Lease

In connection with the construction of the Alumni Center, the Association (Tenant) entered into an agreement with the Board of Trustees for State Colleges and Universities (Landlord), a political subdivision of the State of Louisiana on October 7, 1993, to lease property located in Hammond, Louisiana. The Association had previously constructed a building on the leased premises, which they occupy as their Administrative offices. The term of the lease commenced on the day of execution of the agreement for a term of 99 years. The consideration of the lease is the construction of improvements by Tenant on the leased premises. In addition, the Tenant shall pay as rent the sum of \$1.00 per year

commencing from the date of substantial completion of the Tenant's improvement through the remaining term of the lease. Conditions of the lease also provide that the leased premises are to be used by the Association and Southeastern Louisiana University. The Landlord agrees to assume responsibility for maintenance, repair, and replacement obligations and all obligations to pay utilities, sewer, telephone and other communication services used on the leased premises, all taxes, and insurance in amounts reasonably satisfactory to the Tenant. The agreement also provides for subleasing a portion of the premises to Southeastern Louisiana University.

Sublease Agreement

On October 7, 1993, the Association entered into a sublease agreement with Southeastern Louisiana University. The sublease refers to the premises leased in the preceding paragraph. The sublease provides for the Association to reserve approximately 3,000 square feet of office space together with the non-exclusive use of restroom facilities, work area, conference room, and banquet room. The Association specifically reserves the exclusive right to sublease the banquet room. The terms of the sublease are the same as those contained in the primary lease. The consideration is for a rental amount to be calculated on a base figure of \$323,000 plus interest at a market rate amortized for a 15-year period. For years 1-5, the sum of \$3,040 per month was calculated on a principal of \$323,000 with an interest rate of 7¼% years 6-15, the monthly lease payments will be adjusted annually and calculated with an amortization of the principal amount of \$323,000 together with an interest rate 3% above the New York prime interest rate. Currently, the monthly rent being collected is \$2,903. For years 16-99, the monthly lease payment will be the sum of \$1.00 per year.

Note 6 - Related Parties -

The Southeastern Development Foundation, Inc. ("Foundation"), a non-profit organization, occupies offices in the Alumni Center. These offices are leased from the Association by Southeastern Louisiana University (University) who provides for the use by the Foundation. The Foundation obtains donations for the University and also for the Association. As further discussed in Note 7 to these financial statements, the Association has made a \$100,000 contribution pledge to the Foundation at June 30, 2004.

Note 7 - Pledges Payable –

During the year, the Association pledged \$15,000 to the Southeastern Louisiana University Fanfare Performing Arts series. This pledge is to be paid \$3,000 per year over a five year period. The Association has also pledged \$100,000 towards the construction of a new residence for the University President. This pledge is expected to be paid within the next fiscal year.

Pledges payable are as follows:

Payables Due in Less Than One Year	\$ 103,000
Payables Due in One to Five Years	<u>9,000</u>
Net Pledges Payable at June 30, 2004	\$ <u>112,000</u>